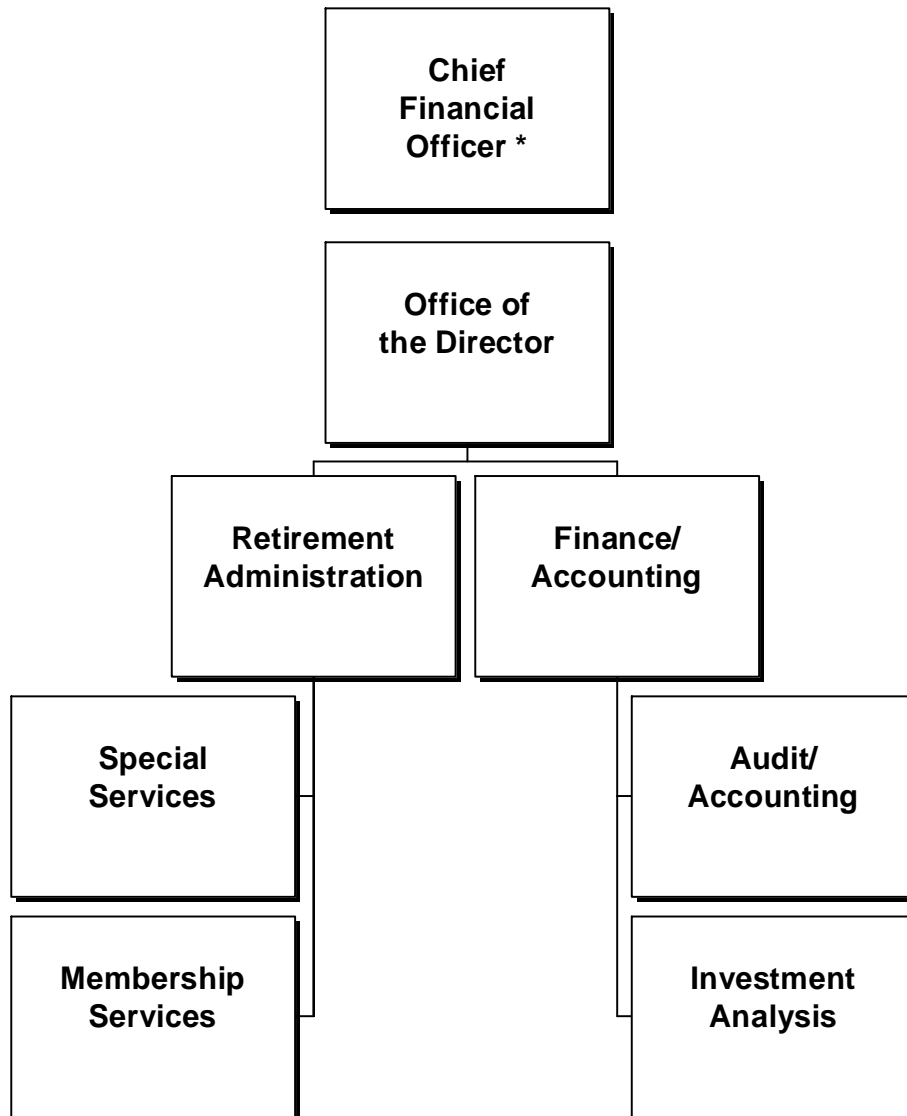


Fund 500

Retiree Health Benefits Fund



* The Chief Financial Officer has a liaison role for strategic direction and oversight of this agency; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

Fund 500

Retiree Health Benefits Fund

Focus

Fund 500, Retiree Health Benefits, provides monthly subsidy payments to eligible retirees of the County to help pay for health insurance. Prior to July 2003 the monthly subsidy was \$100 for all eligible retirees. The current monthly subsidy, approved in FY 2004, commences at age 55 and varies by length of service and Medicare eligibility as detailed in the following table. Note: For those retired prior to July 2003, the monthly subsidy is the greater of \$100 and the amounts below. There is not a reduction in subsidy payments for employees who retired prior to July 1, 2003 but do not meet the revised requirements for years of service. However, those employees who retired prior to July 1, 2003 with 15 or more years of service were eligible for the increased subsidy as of July 1, 2003.

Years of Service at Retirement	Monthly Subsidy Before age 65	Monthly Subsidy After age 65
5 to 9	\$25	\$15
10 to 14	\$50	\$25
15 to 19	\$125	\$75
20 to 24	\$150	\$100
25 or more	\$175	\$125

During FY 2005, the average number of subsidy recipients, including new retirees who are eligible to receive the subsidy, is expected to increase by 149, or 7.8 percent, from 1,909 in FY 2004 to 2,058 in FY 2005. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements and health subsidy eligibility for personnel already retired from the Fairfax County Employees' Retirement, Uniformed, and Police Officers Retirement Systems. Retirees who become eligible to receive the subsidy are paid based on the period of eligibility within the fiscal year, which may or may not comprise a full year of payments.

In FY 2005, the General Fund Transfer will increase by \$219,502, or 7.1 percent, over the *FY 2004 Revised Budget Plan* level of \$3,088,744, to \$3,308,246. In addition, an amount of \$102,378 is appropriated from fund balance to fund FY 2005 requirements.

Initiatives

- ◆ Provide appropriate funding level to support the retiree health insurance benefit subsidy.
- ◆ Continue to allow for the timely and accurate distribution of retiree health insurance subsidy payments.

FY 2005 Funding Adjustments

The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:

- ◆ **Employee Compensation** **\$3,316**
An increase of \$3,316 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Benefit Payments** **\$315,000**
An increase of \$315,000 in benefit payments based on the current and projected rate of participation.

Changes to FY 2004 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:

- ◆ There have been no revisions to this fund since the approval of the FY 2004 Adopted Budget Plan.

Fund 500

Retiree Health Benefits Fund

FUND STATEMENT

Fund Type G50, Internal Service Funds

Fund 500, Retiree Health Benefits

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan
Beginning Balance	\$110,009	\$38,564	\$140,942	\$137,378
Transfer In:				
General Fund (001)	\$2,228,491	\$3,088,744	\$3,088,744	\$3,308,246
Total Transfer In	\$2,228,491	\$3,088,744	\$3,088,744	\$3,308,246
Total Available	\$2,338,500	\$3,127,308	\$3,229,686	\$3,445,624
Expenditures:				
Benefits Paid	\$2,119,600	\$3,012,500	\$3,012,500	\$3,327,500
Administrative	77,958	79,808	79,808	83,124
Total Expenditures	\$2,197,558	\$3,092,308	\$3,092,308	\$3,410,624
Total Disbursements	\$2,197,558	\$3,092,308	\$3,092,308	\$3,410,624
Ending Balance¹	\$140,942	\$35,000	\$137,378	\$35,000

¹ The FY 2005 Advertised Ending Balance decreases from the FY 2004 Revised Ending Balance based on the use of balance to fund retiree health subsidy payments and to offset General Fund requirements. This policy reflects the recognition that the General Fund should receive credit for any balances that are available at year-end.